



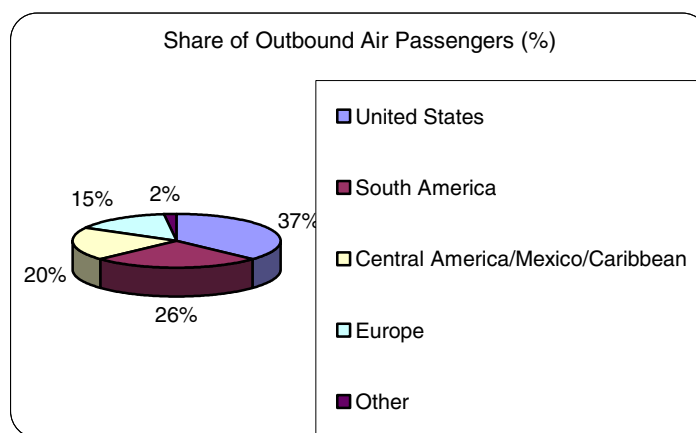
COLOMBIA: INDUSTRY SECTOR ANALYSIS TRAVEL AND TOURISM TO THE U.S.A

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I. SUMMARY

According to the Colombian Civil Aeronautics Authorities, about 2.2 million travelers from Colombia went abroad in 2006. An estimated 654,200 Colombians, 10 percent more than in 2005, traveled to the United States. These Colombian visitors spent an estimated US \$1.65 million in the U.S. (excluding airfares) on food, car rental, hotel, attractions, and basic shopping. The usual length of stay is seven nights, but if Colombians have relatives in the U.S., the common stay is from three to four weeks. Colombians have 15 working days of statutory paid vacation per year. Leisure travel usually takes place during school vacations (November to early February); during Holy Week (the week before Easter); and from June to early September.

The U.S. share of Colombian passengers traveling abroad during 2006 was 37% of the total outbound market, followed by South America with a 27% share, Central America (including Mexico/ Caribbean) with 20, Europe with 15%, and other destinations (including Canada) with a 2.0 percent.



The main U.S. gateways for Colombians in 2006 were: Miami, Florida that handled approximately 59.0 percent of the passengers arriving from Colombia to the United States; New York City with about 8.5 %; Atlanta, Georgia, with approximately 4.3%; Houston, Texas with 4.2; and others, including Los Angeles, Newark, and Toronto (that is included in the official statistics of travelers to North America) with approximately 24.0 %.

Travelers from Colombia to the U.S. fall into four main categories based on the purpose of their trip: Leisure (40%); Business (30%); Shopping (20%); visiting friends and relatives (7%); and studies (3%). Currently, 80% of Colombians travel to the U.S. on a repeated basis.

Colombia is the United States' fourth-largest export market in Latin America--behind Brazil, Venezuela, and Argentina--and the 26th-largest market for U.S. products worldwide. The

United States is Colombia's largest trading partner, representing about 42% of Colombia's exports and 36.8% of its imports (source: Colombian Central Bank's Magazine # 952). During the last four years, Colombia has become one of the most optimistic, stable and recovering economies in the region. Most economic indicators were positive during 2006. Inflation continued to drop for a fourth consecutive year (6.5 percent in 2003, 5.5 percent in 2004, 4.9 percent in 2005, and 4.5 in 2006). The inflation target projected for 2007 is 4.2 percent. Colombia's economy expanded 6.8 percent in 2006, and is expected to surpass the 7.0 percent growth this year. Total foreign reserves increased from US \$14.9 billion in 2005 to US \$15.4 billion by December 2006.

The total number of passengers traveling from Colombian to foreign countries increased at an average of 12 percent during 2003-2006 and is expected to maintain a similar dynamic behavior during 2007-2008 due to: (a) the significant recovery of the Colombian economy that grew at 6.8 percent during 2006 and is expected to grow by 7.0 percent during 2007, (b) the significant revaluation of the Colombian peso that has reduced the cost of traveling abroad, (c) the recently signed Trade Promotion Agreement (TPA) between Colombian and the United States expected to be approved by congress in both countries and (d) the integration of several agreements that Colombia has signed or is negotiating with other group of countries, including the Andean Community, Mercosur, the Central American countries, and Europe.

II. MARKET OVERVIEW

The following factors led to substantial growth of the Colombian economy during the last four years and also has a direct positive impact on the travel and tourism market:

- improved security
- low inflation policy
- Colombian peso appreciation and stability
- increase in petroleum price
- a significant growth of foreign trade and investments

Most economic indicators were positive during 2006. Inflation continued to drop for a fourth consecutive year (6.5 percent in 2003, 5.5 percent in 2004, 4.9 percent in 2005, and 4.5 in 2006). The inflation target projected for 2007 is 4.2 percent. Colombian total foreign reserves increased from US \$14.9 billion in 2005 to US \$ 15.4 billion by December 2006. According to figures supplied by the Central Bank's Technical Department, foreign direct investment (FDI) in Colombia reached US \$6,295 million in 2006, surpassing the goal of US \$ 6,000 million set for the previous year.

The peso has continually revaluated vis-à-vis the U.S. dollar during the last four years. At the end of 2002 the official exchange rate was \$2,864.79 pesos per dollar. During 2003-2006, the exchange rate showed a continuous downward trend, with significant ups and downs, reaching \$2,238 pesos per dollar by the end of 2006. The devaluation of the dollar in Colombia continues during 2007 when it went down to \$1,878 pesos per dollar by mid June. The exchange rate has shown a slight recovery and today (August 17, 2007) the peso is trading at \$2,048.44 pesos to the dollar. The sharp devaluation of the dollar is having a positive effect in lowering the cost of traveling abroad.

In 2006, Colombia was the United States' fifth-largest export market in the Western Hemisphere behind Canada, Mexico, Brazil and Venezuela. U.S. exports to Colombia in 2006 were \$8.2 billion, up 12% from the previous year. Corresponding U.S. imports from Colombia were \$9.3 billion, up

16% from 2005. The United States is Colombia's largest trading partner, representing about 42% of Colombia's exports and 36.8% of its imports (source: Colombian Central Bank's Magazine # 952).

III. MARKET TRENDS

In 1996, the Colombian Civil Aeronautics authorities registered 2.4 million outbound and inbound passengers. Ten years later (2006), the number of passengers handled by the Colombian international airports was 4.4 million (an 83 percent increase). This market was especially dynamic during 2003-2006 when the total number of passengers increased at an annual average of 14.2 percent. It is expected that the sector will continue growing at a similar rate during the next two years.

The expectations for growth in the Colombian travel services rely on:

1. The favorable recovery of the local economy as described before.
2. The devaluation of the dollar against the Colombian peso which means much lower costs for traveling abroad.
3. The various trade agreements, which Colombia has signed or is negotiating with other countries. All these agreements will generate a larger influx of business travelers because the companies will have to modernize their production facilities and take advantage of the new business opportunities. In this sense it is important to mention several agreements such as: (a) the Trade Promotion Agreement (TPA) that Colombia signed with the United States on November 22, 2006 and which will foster economic development once it is ratified (by both Congresses) and implemented; (b) the negotiations between the Andean Community Nations-ANCOM (Colombia, Peru, Ecuador, and Bolivia) that look to improve integration between this group of nations and MERCOSUR; (c) the trade agreement recently signed between Colombia and several Central American countries; and (d) the negotiations between ANCOM and the European Community towards a trade agreement.

Furthermore, there is an influence of American culture on Colombian society, which is evident throughout the country. Colombians will always look to the United States as their first-choice vacation destination. The United States also enjoys a tremendous competitive advantage over other countries because of its reputation for reliability and excellent quality of goods and services at reasonable prices.

For inbound travel, Colombia will require new investment in hotel infrastructure projects to meet the growing demand that is developing thanks to the country's improved image, which is beginning to generate a large inflow of foreign visitors.

Currently, Colombia has 10 airports that service the international flights. A concession was recently granted for the upgrade and expansion of El Dorado airport, which would make it the most significant airport in the region for passengers and cargo transportation.

IV. STATISTICS

The statistics shown in this report are those provided by the Colombian Civil Aeronautics, the Ministry of Commerce Industry and Tourism, the National Bureau of Statistics - DANE, and tourism and travel entities. The information provided by the Colombian Civil Aeronautics is supplied on a monthly basis and covers the total number of airline passengers arriving and

departing from Colombia and domestic traffic. These statistics show the total number of travelers, but not purpose of the trip.

According to the Colombian Civil Aeronautics, the number of air travelers to and from Colombia registered a significant increase during the last two years.

Year	2005	2006	% Increase
Inbound	1,909,491	2,168,884	13.6%
Outbound	1,977,772	2,214,401	12%
TOTAL	3,887,263	4,383,285	

As shown in the table, Colombia received approximately 2.17 million overseas arrivals (a 13.6 percent increase over 2005), while outbound air passengers were approximately 2.21 million in 2006 (a 12 percent growth over 2005).

Currently, there are five major airlines that provide approximately 114 direct weekly flights between Colombia and the United States. They are:

CARRIER	DAILY FLIGHTS	FROM - TO	FLIGHTS P/WEEK
American Airlines*	2	Bogota - Miami	14
	1	Cali - Miami	7
	3 weekly	Medellín - Miami	3
Avianca	2	Bogota - Miami	14
	1	Cali - Miami	7
	1	Medellín - Miami	7
	1	Bogota - New York	7
	3 weekly	Bogota - Los Angeles	3
	1	Barranquilla - Miami	7
	1	Cali - Miami	7
	4 weekly	Cartagena - Miami	4
	3 weekly	Pereira - Miami	3
Continental Airlines	1	Bogota - Houston	7
	1	Bogota - Newark	7
	1	Cali - Houston	7
Delta Airlines	1	Bogota - Atlanta	7
Lanchile	3 weekly	Bogota - Miami	3
		SUB TOTAL	114

*Starting December 13/07 American Airlines will have the following weekly flights (all to Miami): From Bogota: 18; From Barranquilla: 7; From Medellin: 10

Additionally, there are also daily connecting flights to Orlando and New York, via Panama through COPA; to Miami, New York and Los Angeles, via Costa Rica with LACSA; and to Miami, via Caracas, through Aeropostal.

The main U.S. gateways for Colombians in 2006 were: Miami, FL that handled approximately 59.0 percent of the passengers arriving from Colombia to the United States; New York City with about 8.5 %; Atlanta, Georgia, with approximately 4.3 %; Houston, Texas with 4.2; and others,

including Los Angeles, Newark, and Toronto (that is included in the official statistics of travelers to North America) with approximately 24.0 %.

During 2006, around 817,800 passengers traveled from Colombia to North America, 9.64 percent more than those registered during 2005. About eighty percent (654,200) of these travelers were Colombian residents that spent an estimated \$1.6 million during the length of their stay. According to local industry sources, the average expenditure of a Colombian who travels to the United States is \$350 per person/day (excluding airfare), and the usual length of stay is seven nights, but if they have relatives in the U.S., the common stay is from three to four weeks and the average daily spending is much less. It is estimated that over 80 % of Colombians travel to the U.S. on a repeated basis.

V. COMPETITION

According to the World Travel & Tourism Council (WTTC), Colombia is becoming one of the most important destinations for tourism in Latin America, both in terms of visitors and investment. During 2006, a total of 1,050,569 foreign travelers entered the country by land, air, or sea (a 12.6% increase over the number of travelers in 2005). This is the fourth consecutive year of growth between 2002 and 2006. This trend is expected to continue for 2007. Additionally, the progress of the country in terms of security and the growth in tourism is highly noteworthy. The result has translated into a higher level of international confidence in the country.

During 2006, a total of 52 cruise ships touched port in Colombia (Cartagena, Santa Marta and San Andres Islands). During the first four months of 2007, thirty ships arrived in Cartagena. According to the shipping schedule of the Cartagena Port Authority, during August 2007 – April 2008, they expect some 108 cruise ships, with an estimated number of 182,658 passengers, will arrive at this port. After six years of not travelling to this country, Royal Caribbean included Colombia as an important destination in its itineraries again.

In 2006, commercial airlines transported approximately 2.2 million passengers from Colombia to other countries. About 37 percent of these passengers traveled to the United States (including Puerto Rico), 26 percent to South America, 20 percent to Central America (including Mexico and the Caribbean), 15 percent to Europe, and 2.0 percent to other destinations.

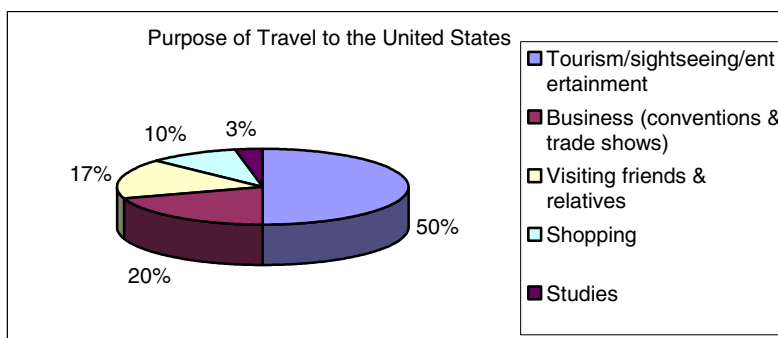
South America has become a preferred destination for Colombians due to the attractive plans offered at very competitive prices and with the total price including air tickets, hotels, and attractions. The significant revaluation of the Colombian peso and the fact that visas are not required for Colombians traveling to most South American countries, have also influenced a shift of travelers to these countries.

VI. END USERS

Approximately, 2,300 travel agencies provide tourism and travel services in Colombia of which 790 are tour operators, 355 perform mainly as representative offices, 163 act as wholesalers, and 13 represent cruise line firms.

According to the latest survey (2004) of the National Bureau of Statistics (DANE), the motivation behind an average Colombian traveler to the USA would be a mixture of two or more of the following reasons:

- Tourism, sightseeing, entertainment; 40 percent
- Business (including conventions/ trade shows): 30 percent
- Shopping: 20 percent
- Visiting friends and relatives: 7 percent
- Studies: 3 percent



Industry sources believe that motivation for traveling has not experience any significant change during the last three years. Tourism travel usually takes place from November to early February, during Easter week and from June to late August.

Colombians tend to make last-minute decisions for their travel plans. Typically, travel decisions are made within one month from the travel date. In fact, many travelers may not even have plans to travel but they may decide on a weekend after they have read about an interesting plan in the newspaper or magazine.

Business and leisure travel to the United States can be promoted in several sub markets: professional and trade associations, local chambers of commerce, retirement and investment funds, and family benefit funds ("Cajas de Compensacion Familiar"). Many of the local associations maintain close ties with similar entities in the United States. Member of the groups mentioned above may exhibit different types of preferences, but they are more easily identified and reached as a potential market than the general population. Having visited the primary destinations, Colombians are now ready to explore non-traditional destinations and participate in activities such as eco-tourism, whitewater rafting, national parks and non-traditional sightseeing tours.

VII. MARKET ACCESS

Six hundred and eighty travel agencies are members of the Colombian association of Travel Agencies – ANATO and account for about 92 percent of total local and international sales in this sector. As an initial market entry strategy, U.S. travel and tourism services suppliers should focus on this group of companies that handles the great majority of international travel.

There is an active Visit USA Committee in Colombia consisting of 34 members representing airlines, cruise lines, hotels, travel wholesalers, car rentals, language schools, credit card companies, and travel assistance cars. The main objective of this Committee is to encourage

wholesalers, tour operators, and travel agents to sell the United States as a destination over other markets. A number of USA promotions take place each year: workshops, conferences, and a major trade show that takes place within the ANATO annual showcase.

A key strategy used by many U.S. suppliers of tourism and travel services is the appointment of a reliable and well-informed local representative, with nation-wide sales capacity. This representative is responsible for carrying out the marketing campaign directly to the final end-users or to other travel agencies and tour operators.

Factors for consideration for U. S. Travel Market Share

Following are some additional points to be considered by U.S. companies interested in keeping prospective travelers aware of U.S. destinations:

- Participate in “Visit USA” an annual event that takes place in Bogota, D.C. (See Part IX - Upcoming Trade Shows).
- Maintain a well designed and updated web site for interested travelers. Internet has gained importance especially among executives and young people who will search in the web for information (services, destinations, prices, promotions, links, etc.)
- FAM Tours (Familiarization trips) are excellent marketing tools to build awareness about a certain tourism attraction or destination among local tour operators, travel agents, wholesalers, and media. A four- to- six days FAM tour gives them a first hand knowledge of the destination/product, allowing them to better relay information to their clients.
- Prepare brochures and pamphlets in Spanish. Special reports in major local newspapers (especially in weekend inserts) and travel magazines are excellent vehicles for providing information to potential tourists.

All Colombians traveling to the U.S. need a visa. Thus, U.S. companies that require Colombians to visit the United States for any reason (business meetings, trade show, training, etc) should consider that it takes approximately eight to ten days to obtain an appointment for a visa interview. This interview does not guarantee issuance of a visa. Once a person has obtained a visa, it should be kept current.

General information about the process to apply for a visa is available through the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>
 United States Visas: <http://www.unitedstatesvisas.gov/>

VIII. KEY CONTACTS

Following is a list of key contacts related to the Colombian Travel and Tourism Sector:

MINISTERIO DE COMERCIO, INDUSTRIA Y TURISMO
 (Ministry of Commerce, Industry and Tourism)
 Oscar Rueda-Garcia, Vice Ministry of Tourism
 Calle 28 No. 13-A-15

Tel: (571) 606-7676 Ext. 1409
Fax: (571) 606-7533
E-mail: kfajardo@mincomercio.gov.co
Web: www.mincomercio.gov.co

FONDO DE PROMOCION TURISTICA
(Colombian Tourism Promotion Fund)
Jacqueline Quevedo, Director
Calle 69 No. 11-66
Bogota, D.C. - Colombia
Tel: (571) 212-6315
Fax: (571) 212-4535
E-mail: direccion@turismocolombia.com
Web: www.turismocolombia.com

ASOCIACIÓN COLOMBIANA DE AGENCIAS DE VIAJES - ANATO
(Colombian Association of Travel Agencies)
Juan-Carlos Velez-Urbe, Executive Director
Carrera 21 No. 83-63
Bogota, D.C. – Colombia
Tel: (571) 610-7099
Fax: (571) 218-7103
E-mail: eventos@anato.org
Web: www.anato.org

ASOCIACIÓN HOTELERA DE COLOMBIA
(Colombian Association of Hotels)
Jaime-Alberto Cabal, President
Carrera 7 No. 60-92
Bogotá, D.C. - Colombia
Tel: (571) 310-3640
Fax: (571) 310-3509
E-mail: cotelco@cotelco.org
Web: www.cotelco.org

ASOCIACION COLOMBIANA DE LA INDUSTRIA GASTRONOMICA - ACODRES
Gustavo-Adolfo Toro, President
Calle 30A No. 6-22 Of. 701
Bogota, D.C. – Colombia
Tel: (571) 287-8597
E-mail: presidencia@acodres.com
Web: www.acodres.com

ASOCIACION DE LINEAS AREAS INTERNACIONALES EN COLOMBIA - ALAICO
(Association of International Airlines in Colombia)
Pamela Bermudez-Montoya, Executive Director
Calle 81 No. 11-68 Of. 306
Bogota, D.C. – Colombia
Tel: (571) 618-0540
E-mail: info@alaico.org
Web: www.alaico.org

IX. TRADE SHOWS

The Visit USA and the U.S. Commercial Service encourage the participation of Colombian wholesalers, tour operators, and travel agents in selected US tourism trade shows. Following are some trade events that will take place in 2007-2008:

-INTERNATIONAL POW WOW: Pow Wow is the travel industry's premier international marketplace for travel to the United States. This trade show offers three days of intensive pre-scheduled, computer-generated business appointments, allowing international delegates to meet with targeted suppliers from more than 1,000 U.S. travel organizations.

Place: Las Vegas, NV

Dates: May 31 - June 4, 2008

www.tia.org/

- LA CUMBRE: La Cumbre hosts approximately 1200 delegates including suppliers/exhibitors, buyers, the travel press, principals of Visit USA Committees in Latin America, leading air carriers and general sales agents. More than 30 countries are represented and activities include three days of pre-scheduled business appointments, seminars and networking opportunities.

Place: Miami, FL

Dates: September 3-5, 2008

<http://www.lacumbre.com/en>

Local Trade Event

U.S. companies wishing to promote their tourism products and services in the Colombian market are encouraged to participate in the 2008 tourism trade show organized by the Visit USA Colombia and fully supported by the U.S. Commercial Service. This show will take place from February 25-27, 2008. This is the largest and most important tourism trade show in Colombia – ANATO SHOWCASE (Colombian Association of Travel Agencies).

VISIT USA EXPO

February 25-27, 2008

Visit USA Committee

Joseph Finnin, Executive Director

Telephone: (571) 601-0508 / 623-7088

Fax: (571) 601-0308

E-mail: visit@epm.net.co

For More Information

Contact the U.S. Commercial Service in Bogotá, D.C. via e-mail at: Rebeca.Rueda@mail.doc.gov; Phone: 011 571 383-2703; Fax: 011 571 315-2171; or visit our website: www.buyusa.gov/colombia

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<http://www.export.gov/>.

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